



LARRY HOGAN
GOVERNOR

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

May 25, 2018

The Honorable Thomas V. Mike Miller
President of the Senate
State House
Annapolis, Maryland 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed Senate Bill 178 – *State Retirement and Pension System – Board of Trustees - Oath*.

This legislation was originally filed as technical fix that would codify the existing practice of how new members to Board of Trustees of the State Retirement and Pension System take their oath of office. Unfortunately, an amendment was added in the waning hours of the legislative session which made a drastic change to the current process by which the Chair of this Board is selected.

This amendment mandated that the State Treasurer serve as the Chair of the State Retirement and Pension System Board of Trustees. Currently, the Chair of this board is selected by Board, and, traditionally, the State Treasurer or the Comptroller who has seniority has been selected to be the Chair. There has never been a contentious selection of the Chair and by allowing the more senior of the two elected officials to serve, there has always been someone chairing the Board who has a number of years serving on the Board and dealing with the issues which this Board faces.

This amendment was never discussed at either the House or Senate hearings, nor was it discussed with the State Retirement and Pension System Board members, the Executive Director, or Staff. The General Assembly never informed the Executive Director or Staff of the Board of this amendment, either during the deliberations on the final day of the Legislative Session or after the amendment was adopted and sent to the House and Senate floor.

It is also important to note that the State Retirement and Pension System Board of Trustees, at their May 15, 2018 meeting, voted to ask me to veto this legislation specifically because of this last minute amendment. In their letter, dated May 21, 2018, the Trustees states that the "Board believes that either the Board or staff for the agency should have been consulted prior to amending a bill that had been introduced at the Board's request and that as introduced, did not deal with Board composition or structure."

Currently, the State Treasurer serves as the Chair of the Board, with the Comptroller serving as the Vice Chair. It is clear to me that this amendment was adopted to prevent the current Comptroller from serving as the Chair, if the current State Treasurer were to ever decide to leave office. I see this amendment as nothing more than an effort by the General Assembly to exact a political payback on the Comptroller for being outspoken on a number of issues, many of which are at odds with the General Assembly and its leadership, having nothing to do with the leadership or management of the Maryland State Retirement and Pension System.

I find it objectionable to make such changes on a whim for political motives, especially when this Board is entrusted with oversight of billions of dollars in retirement benefits for over 400,000 active and retired state employees. Every member of this board, and especially the Chair and Vice Chair, have an incredible responsibility to the employees of this state, and it is unconscionable that the General Assembly would cynically use this bill as a vehicle to engage in political payback.

For these reasons, I have vetoed Senate Bill 178 – *State Retirement and Pension System – Board of Trustees – Oath*.

Sincerely,



Lawrence J. Hogan, Jr.
Governor

Enclosure



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

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R. Dean Kenderdine
Executive Director
Secretary To The Board

May 21, 2018

The Honorable Lawrence J. Hogan
Governor of Maryland
State House
100 State Circle
Annapolis, MD 21401

Dear Governor Hogan,

I am writing to you on behalf, and at the direction, of the Board of Trustees for the Maryland State Retirement and Pension System regarding Senate Bill 178, which is before you now. After public discussion, a majority of the Board present voted that a letter be sent to you requesting a veto of Senate Bill 178.

Senate Bill 178 was legislation sponsored by the Joint Committee on Pensions on behalf, and at the request, of the Board. The Board recognizes that the Legislature is the plan sponsor of the System, and as a result, the composition and leadership of the Board is established and, on past occasions, has been altered by the Legislature. However, the Board believes that either the Board or staff for the Agency should have been consulted prior to amending a bill that had been introduced at the Board's request and that, as introduced, did not deal with Board composition or structure. Because of this procedural failure, a veto of Senate Bill 178 is requested.

Thank you for the opportunity to express the Board's view.

Sincerely,

Nancy K. Kopp

Nancy K. Kopp
Chairman, Board of Trustees

cc: Board of Trustees
R. Dean Kenderdine, Executive Director